

MEMORANDUM

Department of Financial Services



To: Honorable Mayor and City Council
Through: Thomas J. Wilson, City Manager
From: Emma C. Karlen, Director of Financial Services *Em C Karlen*
Subject: Accounts Receivable Write-offs
Date: October 15, 2003

Background

Finance Department annually sends out many invoices to collect amounts owed the City. The payees are billed for a variety of reasons, usually related to services provided such as utility services, or private job development or other imposed fees such as false alarm fees, fire inspection or property damage recovery. When these invoices were sent, normal accounting procedures require us to debit accounts receivable and credit revenues simultaneously, as the expectation is that the City would be able to collect on these accounts within a short period of time. However, when an account receivable has been outstanding for more than a year and after Finance Department has exhausted all the current available collection procedures, it would be prudent to write off these accounts so as not to overstate the City's revenues. Based on this principal and the approved Accounts Receivable Collection and Write-off Policy, staff submitted the attached accounts receivable write-off list for the City Council's approval.

With the exception of the HCD loans, all the accounts receivable on the list are deemed uncollectible. The write off of the HCD loans is to correct inconsistencies between the accounting records and the actual grant deeds of trust. Based on months of research on each HCD loan file, it was determined that the loans receivable amount recorded in the accounting system are incorrect and overstated. The errors originated from loan fees erroneously added to the loan balance or loan paid offs not recorded in the accounting system. The HCD loans were not delinquent and therefore are not addressed in the following discussion.

Options Available to collect on delinquent accounts

A. *Utility Accounts Receivable – closed accounts (average on the list is \$205):*

1. File an action in small claims court
2. Consider collecting water and sewer charges via tax roll
3. Assign to collection agency

Staff does not recommend collecting water and sewer charges via tax roll because of the impact to the utility fund cashflow as the County will only remit these charges twice a year. It will also require estimation of charges for each account and adjustments at year-end for

any shortage or overage. For new accounts, there will be no basis for estimation.

A third option that was not mentioned is deposit requirement. The City's Municipal Code allows collection of \$150 cash deposit for single-family utility account and \$100 cash deposit for each dwelling unit in a multi-unit residence.

Since FY2004, Finance Department has enforced the deposit requirement for any new accounts that has no prior payment history and existing accounts or returning accounts that have delinquent payment history. In addition, Finance Department has shortened the payment due date for the final closing bill to 10 days. Staff believes these actions will improve the success rate on delinquent account collection and reduce the amount of utility account write-offs in the future.

B. Utility Accounts Receivable – Bankruptcy

According to the City Attorney, there is only one option.

1. File a claim.

C. Bounced Checks

1. Send written demand by certified mail followed by claim in small claims court
2. Assign to collection agency

In a bounced check situation, Finance Department works closely with the departments that provide the services. If the bounced check is generated from building permit fee or business license tax, the contractor's name will be noted and prohibited from entering into any future transactions with the City unless the outstanding amount and the charges for bounced check are paid. If the bounced check is for recreation fee, the enrollee will be advised and enrollment will be cancelled unless the fee and the charges for bounced check are paid.

D. False Alarm

1. File a court action.
2. Assign to collection agency.
3. Consider ordinance to establish procedures to collect abatement and related administrative costs by a nuisance abatement lien.
4. Consider ordinance to establish procedures to collect abatement and related administrative costs through special assessment on the subject property.

E. Fire Inspection Fee

1. Consider ordinance to establish procedures to collect abatement and related administrative costs by a nuisance abatement lien.
2. Lien or special assessment on the subject property if it is for abatement of hazard.

The Fire Marshal is also looking into revoking the fire permits for those businesses that have not paid their annual inspection fees.

F. Public Damage Cost Recovery

1. Formal court action to pursue a judgment to execute.

Finance Department has a very high success rate of recovering public damages if the person incurring the damage carries liability insurance. Finance Department will seek the cooperation of the Police Department to note the insurance information on the accident report, to the extent that it is available.

G Private Job Account

1. Pursue court action.
2. Implement and enforce deposit requirement.
3. Assign to collection agency.

Finance Department will be working with Engineering and Planning to evaluate the feasibility of increasing the initial deposit amount. As stated in the City Attorney's memo, it is easier to refund any excess deposit than to subsequently collect on outstanding debts.

Recommendation

Staff noted that a common option available for collecting on these different categories of accounts receivable appear to be pursuing court action. However, in pursuing court action, there will be consideration of the amount the City seeks to recover against the time and costs that will be incurred, and the training that needs to be provided to staff. Staff therefore recommends the following:

1. Approve the recommended FY 2002-2003 accounts receivable write offs while still pursuing other available collection options.
2. File a civic action in the appropriate court only if the accounts receivable is \$500 or more.
3. Maintain effective communication with the departments providing the services so that timely actions could be taken such as revoking permits, or canceling enrollment from classes etc.
4. Allow staff to bring back recommendation on increasing the initial deposit amount for private job account.
5. Assign the accounts receivable of \$500 or under to collection agency after Finance Department has exhausted other available options.
6. Request Council to provide direction on adopting or amending ordinance to establish procedures to collect abatement and related administrative costs for unpaid false alarm and fire inspection fee by a nuisance abatement lien.
7. Request Council to provide direction on adopting or amending ordinance to establish procedures to collect abatement and related administrative costs for unpaid false alarm and fire inspection fees through special assessment on the subject property.

MEMORANDUM

Department of the City Attorney

Confidential-Privileged



To: Emma Karlen, Director of Finance

From: Steve Mattas, City Attorney
By: Susan Kingshill, Associate Attorney

Subject: Accounts Receivable Write-Offs

Date: September 29, 2003

We have researched the options that are available to the City to pursue the collection of outstanding debts, including debts related to (1) utilities; (2) miscellaneous accounts receivable; and (3) private job accounts. In general, it appears generally that the City may pursue collection by filing an action in small claims court or by sending the outstanding debts to a collection agency. However, the City may, in the future, consider adopting procedures to collect certain sums via assessment or lien.

By way of background, before addressing the collection options available as to the specific categories listed above, we first generally address the considerations the City will face should it pursue collection via court action or a collection agency.

I. BACKGROUND

A. Filing a civil action

Many of the outstanding debts fall within the jurisdictional limits of the small claims court. An action generally may be brought in small claims courts if the amount of the demand does not exceed \$5,000. *Code of Civil Procedure Section 116.220*. Although Section 116.231 provides that no person may file more than two small claims actions in which the amount exceeds \$2,500 in any year, this provision does not apply to claims filed by a city. However, if the defendant, in an action brought by a city, is represented in the action by legal counsel, the action will be transferred out of small claims court.

Should the outstanding debt exceed the jurisdictional limits of small claims court, it may be treated as a limited civil case if the amount in controversy does not exceed \$25,000. Limited civil court cases are subject to economic litigation procedures, local appeals, filing fees and other procedural distinctions, which are intended to reduce the cost of litigation.

When considering whether to file a civil action to pursue collection of a debt, the City should balance the amount it seeks to recover against the time and costs that will be incurred in pursuing the action. Whether an action is filed in small claims court or as a limited civil case in superior court,

the City will need to prepare the papers required for such an action and will need to appear in court. Should the City prevail and obtain a judgment, the City will still need to execute the judgment, which may require the expenditure of additional time and resources.

B. Assign debts to a collection agency

Another option available to the City is to assign the debts to a collection agency. The drawback to this option is that the agency will charge the City to pursue collection, and there is no guarantee that the agency will successfully collect on the outstanding debts. However, this route will save the City the time and money that it would expend in pursuing a civil action. This option may be particularly attractive for smaller debts, where the costs of pursuing a court action could exceed the amount collected. In these cases, the City may consider assigning the debts to an agency as a package. Although the agency will charge the City, the City may at least recover some portion of the outstanding debts.

II. ANALYSIS OF SPECIFIC DEBT CATEGORIES

A. Utility

The first group of debts are those owed to the City for utilities. The debts owed to the City for utilities appear to fall into two categories, those for which the account is now closed, and those for which the service user is in bankruptcy.

Under Municipal Code Sections VIII-2-6.04, VIII-1-6.10 and VIII-2-6.03, if payment is delinquent for sewer and water service, the City may discontinue service, provided that certain notice provisions are satisfied. These provisions are not relevant to the debts arising from now closed accounts.

One option available to the City to collect on the closed account debts is to file an action in small claims court. In fact, Section 12.08 of the Milpitas Sanitary Code provides that the City may “institute legal proceedings in any Court of competent jurisdiction” for the collection of fees and charges imposed under the Sanitary Code. Should the City seek to pursue these claims in court, it appears most likely that under Public Utilities Code Section 736, a three-year statute of limitations would run from the date of delinquency. Of the outstanding debts for which the accounts have been closed, the debt amounts appear to all fall within the jurisdictional limits of small claims court. However, the majority of the outstanding sums are for less than \$300.

In addition, to address outstanding utility debts in the future, the City may wish to consider adopting a procedure under Health and Safety Code Section 5470 et seq. to collect amounts owed for water and sewer via the tax rolls. Under Section 5470 et seq., a city may elect by ordinance to have “fees, tolls, rates, rentals, or other charges, including water, sewer standby or immediate availability charges, for services and facilities furnished by it, either within or without its territorial limits, in connection with its water, sanitation, storm drainage, or sewerage system....” “...collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, its general taxes.” Further, Section 5473.5 provides that “except as provided in Section 5473.8, the amount of the charges shall constitute a lien against the lot or parcel of land against which the charge has been imposed....”

Section 5473.8 sets forth “all laws applicable to the levy, collection and enforcement of general taxes of the entity, including but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund and redemption, are applicable to such charges, except that if any real property to which such charges relate has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attaches thereon, prior to the date on which the first installment of such taxes would become delinquent, then the lien which would otherwise be imposed by Section 5473.5 shall not attach to such real property and the charges relating to such property shall be transferred to the unsecured roll of collection.”

Should the City proceed to collect via the tax rolls, pursuant to Section 5473.10, the City may also “provide for a basic penalty of not more than 10 percent for nonpayment of the charges within the time and in the manner prescribed by it, and in addition may provide for a penalty of not exceeding 1 and one-half percent per month for nonpayment of the charges and basic penalty. It may provide for collection of the penalties herein provided for.”

Further, Section 5473.11 sets forth the procedural elements that the City should implement, as follows: “(a) An entity shall notify the assessee shown on the latest equalized assessment roll whenever delinquent and unpaid charges for services which would become a lien on the property pursuant to subdivision (b) remain delinquent and unpaid for 60 days. (b) Notwithstanding any other provision of this article, charges for services and facilities furnished by the entity shall constitute a lien against the lot or parcel of land for which the service was provided if the charges remain delinquent for a period of 60 days, and the entity has notified the assessee of the property shown on the latest equalized assessment roll of the delinquent charges pursuant to subdivision (a) and the lien provided by this section. (c) The lien provided herein shall have no force or effect until a certificate specifying the amount of the unpaid charges is recorded with the county recorder and when so recorded shall have the force, effect and priority of a judgment lien and continue for three years from the time of recording unless sooner released or otherwise discharged.”

Finally, of the outstanding debts owed the City for utilities, six of the debtors have filed for bankruptcy. It is worth noting that the sum owed by one bankrupt debtor is \$99,469.95. However, the City’s options as to pursuing collection against the bankrupt debtors are limited. The filing of a bankruptcy petition may operate as an automatic stay of any effort to collect debts incurred prior to the commencement of the bankruptcy action. *11 U.S.C. Section 362*. The City may file a claim, but the bankruptcy process could last as long as a year, and ultimately, the debt may be written off as uncollectable in bankruptcy.

B. Miscellaneous Accounts Receivable

The second category of debts is “miscellaneous accounts receivable.” We have broken this category down into subcategories and analyze the City’s options as to each of those subcategories.

1. Bounced Checks

Included among the outstanding debts in the “miscellaneous accounts receivable” category are checks for a building permit, business license, and recreation fees that did not clear due to insufficient funds. It appears that the City may pursue these debts by filing an action for damages pursuant to Civil Code Section 1719. Under Commercial Code Section 3118, it appears the City has three years to pursue such an action.

Section 1719 sets forth the procedure to collect damages if a person passes a check on insufficient funds and does not pay the check amount and service charge. First, the City must make written demand for payment by certified mail to the person who passed the check, informing the person of (a) the provisions of Section 1719; (b) the amount of the check; and (c) the amount of the service charge payable to the payee. The person then has 30 days from the date the written demand was mailed to pay the amount of the check, the amount of the service charge payable to the payee, and the costs to mail the written demand for payment. If the person fails to pay in full the amount of the check, the service charge payable to the payee, and the costs to mail the written demand within this period, the person is liable instead for the amount of the check, minus any partial payments made toward the amount of the check of the service charge, and damages equal to treble that amount, which shall not be less than one hundred dollars (\$100) nor more than one thousand five hundred dollars (\$1,500). A cause of action under Section 1719 may be brought in small claims court.

It appears that the checks that were issued on insufficient funds all fall within the jurisdiction of small claims court. However, it should be noted that the amount of one of the checks was only \$15.00. Even if the City receives treble damages, the amount of time required to prepare for and appear in court may outweigh the value of the damages recovered. In light of this, the City may wish to consider sending these to a collection agency for collection.

2. False Alarm/Fire Inspection

There are also two groups of outstanding debt categorized as “fire alarm” and “fire inspection.” As to the debts categorized as “false alarms,” Section V-213-12.05 of the Municipal Code provides that the City may institute a civil action to collect charges assessed pursuant to the Code’s noise abatement provisions. It appears that the City has three years from abatement of the nuisance to bring an action. The sums owed for “false alarms” all fall within the jurisdictional limits of small claims court and range from \$50.00 to \$1,100.00. As discussed above, the City should balance the time and money it will expend in pursuing such an action against the amount of money it may ultimately collect. Again, assigning these debts to a collection action may be the most viable option.

In addition, the City may, in the future, develop procedures to allow for collection of costs in abating a false alarm nuisance pursuant to a nuisance abatement lien. Municipal Code Section V-213-12.06(b) provides that “an alarm system shall be deemed a nuisance alarm and a public nuisance if such alarm system actuates excessive false alarms. Four (4) false alarms in any ninety (90) day period is hereby found and determined to be an excessive number of false alarms at any given location.”

Although the Municipal Code sets forth what constitutes a nuisance alarm, it should also consider including a procedure for abatement of such a nuisance through a nuisance abatement lien. Government Code Section 38773.1(a) provides that a city “may by ordinance establish a procedure to collect abatement and related administrative costs by a nuisance abatement lien. This ordinance shall require notice prior to the recordation of the lien to the owner of record of the parcel of land on which the nuisance is maintained, based on the last equalized assessment roll or the supplemental roll, whichever is more current.” Under Section 38773.1(c) a nuisance abatement lien must be recorded and “from the date of recording shall have the force, effect and priority of a judgment lien.” Finally, Section 38773.1(c)(3) sets forth that “a nuisance abatement lien may be foreclosed by an action brought by the city for a money judgment.”

As an alternative, under Section 38773.5, the City may seek to establish by ordinance “a procedure for the abatement of a nuisance and make the cost of abatement of a nuisance upon a parcel of land a special assessment against the parcel.” The assessment may be collected at the same time and in the same manner as ordinary municipal taxes. All laws applicable to the levy, collection and enforcement of municipal taxes shall be applicable to the special assessment. However, if any real property to which the cost of abatement relates has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attaches thereon, prior to the date on which the first installment of the taxes become delinquent, then the cost of abatement shall not result in a lien against the real property but instead shall be transferred to the unsecured roll for collection. Finally, Section 38773.5(b) provides that a city may, by ordinance, provide for recovery of attorneys’ fees by the prevailing party in an action to abate a nuisance, assuming that the city elects at the initiation of that action, to seek recovery of attorneys’ fees.

Section I-1-4.10 of the City’s Municipal Code, which sets forth that “any condition caused or permitted to exist in violation of any of the provisions of this Code shall be deemed a public nuisance,” currently references the attorneys’ fees provision of Section 38773.5. It does not; however, reference collection of abatement costs through special assessment. Thus, before pursuing collection under Section 38773.5, we recommend that the City amend the ordinance to specifically provide for the special assessment procedure.

As to the outstanding debts for “fire inspection,” it is unclear to us whether this category includes response to nuisances or simply involves routine fire inspections. If this category does encompass nuisance response, the City should also consider adopting the procedures set forth under either Section 38773.1 or 38773.5 for this category of debts. In addition, it may be that a lien or special assessment is currently available to the City. Municipal Code Section V-300-2.08 provides “If any person fails to comply with the orders of the fire Marshal, or if the Fire Marshal is unable to locate the owner, operator, occupant or other person responsible within a reasonable time, the Fire Marshall or his or her authorized representative may take such steps as are necessary to abate the hazard for the protection of the public health safety. In no event is notice necessary before abatement, when the hazard is a clear and present danger to the public welfare. All costs related to such abatement shall become a lien or special assessment on the subject property.”

3. Public Damage Cost Recovery

As to these tort claims, assuming that the City does not have an enforceable judgment, it appears that the route available to the City is to bring a court action. For injuries as to real or personal property, it appears that, under Code of Civil Procedure Section 338, a three-year statute of limitations would run from the date of immediate and permanent injury. Of the outstanding debts owed the City in this category, one exceeds the jurisdictional limits of small claims court, and thus, the City would need to pursue collection of that debt in superior court as a limited civil action. It should be noted, that a collection agency cannot collect on tort claims without a judgment to execute. Once a formal court action is pending, the City may pursue a prejudgment writ of attachment if the statutory requirements are satisfied. Upon receiving a judgment, the City may seek a writ of execution.

C. Private Job Account Write-Offs

It appears that these outstanding debts, too, should be collected either through a civil action or be sent to a collection agency. Many of the listed debts may be pursued in small claims court, but again, some exceed the jurisdictional limits. Thus, those would need to be pursued in superior court as limited civil actions. From our review of the Private Development Authorization form, it appears that these claims would constitute contract actions, and thus, the City would have four years from the time of breach to bring an action. *Code of Civil Procedure Section 337.*

We understand that the City currently requires applicants for certain projects to maintain a Private Job Account. The Private Job Account Procedures set forth that "additional deposits will be required by the City when a \$2,000 or more deficit balance appears on the account report. Please be advised that City processing of private development projects will cease when a \$2,000 or more deficit balance accrues, until the requested deposit is submitted to the City." In order to avoid incurring outstanding debts such as the City now seeks to pursue, the City should be sure to implement this deposit requirement, specifically requiring further deposits as necessary. It appears that it would be easier for the City to refund any excess deposit than to subsequently collect on outstanding debts.

MEMORANDUM

Department of the City Attorney

Confidential-Privileged



To: Emma Karlen, Director of Finance

From: Steve Mattas, City Attorney
By: Susan Kingshill, Associate Attorney

Subject: Follow Up Questions Regarding Accounts Receivable Write-Offs

Date: October 14, 2003

You have asked us to research two follow-up questions to our September 29, 2003 memorandum regarding options available to the City to pursue the collection of outstanding debts. As set forth below, (1) the City may require commercial properties to pay a deposit for water and sewer services; and (2) the City may terminate water and sewer service to commercial properties for nonpayment of bills, subject to the notice and hearing procedures discussed below.

I. May the City require commercial properties to pay a deposit for water and sewer services?

It appears that the City may require commercial properties to pay a deposit for water and sewer services. As to water service, the Milpitas Municipal Code currently authorizes a deposit in certain instances. Municipal Code Section VIII-1-6.06 sets forth that "as a condition precedent to providing or restoring service, a cash deposit not to exceed One Hundred and Fifty Dollars (\$150.00) per meter may be required by the City Manager to secure future compliance in the case of customers who, repeatedly violate regulations or who repeatedly fail to pay water bills promptly or whose past bill shall, in the judgment of the City Manager, be deemed to be uncollectible. This deposit, without interest, will be returned at the termination of service and the payment of all bills charged to the customer."

Further, it appears that the City may proceed under state law to collect a deposit from commercial properties for water and sewer service. We understand that the City collects rates and charges for water and sewer under Health and Safety Code Section 5470 et seq. Section 5470 et seq. does not contain any prohibition against collecting such a deposit. Since it does not expressly prohibit such a deposit, we believe that the City may require a deposit be paid for sewer and water. To institute such a deposit, we would recommend that the municipal code sections relevant to water and sewer service be amended to include the relevant provisions.²

² It should be noted that under, Government Code Section 54347, which is part of the Revenue Bond Law of 1911 (Government Code Section 54300 et seq.), a local agency may collect deposits in an amount not exceeding one year's charges. However, since the City proceeds under Health and Safety Code Section 5470 et seq., rather than the Revenue Bond Law of 1911, it appears that Government Code Section 54347 does not apply. See *Kennedy v. City of Ukiah* (1977) 69 Cal.App.3d 545, 552, in which the court notes "it may be concluded that Health and Safety Code section 5471 was intended to provide, inter alia, a method for setting and revising sewer service rates where the local entity is not proceeding under a specific revenue bond or improvement statute."

II. May the City terminate water and sewer service to a commercial property that has not paid for service?

It appears, too, that the City may discontinue service to commercial properties for nonpayment of bills. Several provisions of the Municipal Code provide for discontinuance of service for non-payment of bills. As to water service, Section VIII-1-6.10 sets forth that “service may be discontinued for any infraction of City rules or regulations and shall be discontinued for any account which is more than thirty (30) days delinquent. Where service is discontinued for non-payment of bill, written notice shall be mailed at least ten (10) days in advance of such discontinuance to the person in whose name the account is maintained. Final notice of discontinuance shall be posted in a conspicuous place upon the property at least twenty-four (24) hours before service is actually discontinued. A Five Dollar (\$5.00) service charge is imposed upon the customer at the time of posting of final notice which must be paid as a condition precedent to restoration of service.”

In addition, Section VIII-2-6.03 provides “in the event of a failure to pay the charges as provided herein for sewage service, the City is authorized to disconnect the services. When service has been disconnected as provided, the City may require the person or persons requesting that such service be re-established to furnish a bond in the sum of Five Hundred Dollars (\$500.00) payable to the City and conditioned upon compliance with the conditions of this Chapter before granting permission to make such connection. The person or persons making application for such re-establishment of service shall pay all expense incurred or to be incurred by the City in causing such disconnection and reconnection before such permission may be granted.”

Finally, under Municipal Code Section VIII-2-12.06, the City may “terminate service and disconnect sanitary and waste disposal connections upon a violation of any of the provisions of this Chapter, subject, however, to compliance with the provisions of this Section.” Prior to the termination of service and disconnection of sanitary and waste disposal facilities, the City Council must satisfy certain notice and hearing procedures. The City must notify the owner and tenant, if any, of the affected property that the City will consider termination of service and disconnection and state the date of the proposed termination, as well as the date of the hearing upon the proposed termination. The hearing must not be less than 10 days subsequent to the giving of the notice. Upon conclusion of the hearing, the City must adopt a resolution determining whether there is a violation and whether termination and disconnection will occur.

In addition, it appears that state law allows the City to discontinue service to commercial properties. Health and Safety Code Section 5470 et seq. does not expressly prohibit discontinuance of commercial water and sewer connections for failure to pay bills. It is worth noting, too, that several sections of the Public Utilities Code regulate the discontinuance of residential water service, but do not regulate discontinuance of commercial water service. *See Public Utilities Code Sections 779 and 780.*³

³ Again, a provision under the Revenue Bond Law of 1911, Government Code Section 54346, sets forth a procedure by which a local agency may discontinue service for nonpayment of a bill. However, as stated above, since the City collects rates and charges under Health and Safety Code Section 5470 et seq. and not under the Revenue Bond Law of 1911, it does not appear that Government Code Section 54346 applies.

City of Milpitas
Accounts Receivable Write-Offs
FYE 06/30/03

INVOICE DATE	BALANCE	REASON
UTILITY		
AGUILAR, JEANNIE	02/04/02	254.04
ALANIZ, PEGGY SUE	08/07/01	161.39
ARBREGANO, TAMMY	04/30/02	161.03
AZEVEDO, THOMAS	02/25/02	25.54
BACCHETTI, GREG	09/24/01	103.98
BALA, DOLORES	09/20/01	340.13
BAYEUX PACKAGING	08/20/01	383.12
BEAVERS, TINA	01/17/02	471.56
BILISSETTY, SRIKANTH	01/28/02	391.32
BIRK, LARRY	11/20/00	104.45
BLEVINS, GARRY	02/04/02	286.31
BRADY, BENITA	06/24/02	403.55
BRINGAS, HOWARD	04/09/02	263.46
BROWN, JAMES	07/09/01	326.93
BRUNDAGE, CYNTHIA	01/11/02	654.97
BUCKETT, WESDY	06/12/02	203.62
BURGEST, GREGORY	01/01/02	155.50
CABALLERO, BELINDA	11/06/01	125.01
CALDERON, ROBERTO	02/27/02	307.48
CALONGE, ROSALINA	06/05/02	68.58
CALVETTI, DEBORAH	11/19/01	132.55
CDT INC	11/19/01	578.05
CEASE, PHYLLIS A.	07/10/01	116.12
CONTRERAS, SYLVIA	09/06/01	253.70
COX, GENEVA	03/07/02	242.56
COX, RUTH	03/25/02	26.28
CROSS COUNTRY LAND SERVICES	10/17/01	68.90
DANG, QUI	12/03/01	168.47
DAVIS, LU ANN	05/10/02	24.33
DELGADILLO, LINDA	05/01/02	214.16
DIMOND METALS	08/02/01	866.34
DORE, MARIA	04/08/02	230.19
DOUAIRE, DEBORAH	01/23/02	165.10
ECLEVIA, LORRAINE	06/10/02	282.15
ENGSTROM, SHANE	03/04/02	162.65
FERNANDEZ, STEVE	02/26/02	154.45
FLORES, RYAN	10/29/01	326.70
FRANCIS, ERIC	07/10/01	294.84
GAONA, CHRISTY	05/20/02	229.79
GARCIA, LORRAINE	08/06/01	158.08
GARCIA, RICHARD	01/16/02	92.82
GARRETT, TRACY	09/05/01	232.25
GRAY, JASON	08/16/01	115.04
HAM, AMANDA	07/31/01	120.59
HANSELL, RAYMOND	10/25/01	144.74
HERNANDEZ, MARCOS	04/18/02	139.42
HOLSTEIN, DANIEL T.	10/15/01	250.30
HUANG, JOE	05/06/02	294.69
HUGHES, MARGARET	02/20/02	240.90
JOHNSON, THOMAS	10/02/01	151.59
JONES, STEPHAN A.	02/13/02	156.26
JORDAN, BRENDA	03/11/02	367.14
KESSINGER, MICHELLE	09/06/01	199.31
KING, EMANI	05/16/00	63.12
KING, SEAN	08/02/01	260.88
KUMAR, SANJEEV	07/17/01	134.68
LAU, HENRY	08/28/02	101.10
LE, ANTHONY	04/15/02	148.65

City of Milpitas
Accounts Receivable Write-Offs
FYE 06/30/03

	INVOICE DATE	BALANCE	REASON
LE, LUAN	01/14/02	82.83	Account Closed
LEGAN, TALIA	05/08/02	197.39	Account Closed
LEIGHTON, MICHELLE	07/25/01	161.29	Account Closed
LIERA, AUTUMN K.	10/08/01	263.83	Account Closed
LIN, CHING	03/25/02	115.44	Account Closed
LINGAO, ANACHERYL	07/03/01	237.39	Account Closed
LIZARDO, EDUARDO D.	06/04/02	132.92	Account Closed
LONGSTRETH, GEORGE	01/16/02	118.12	Account Closed
LSI LOGIC	01/02/02	43.99	Account Closed
MABANAG, ADRIANO	01/08/02	165.71	Account Closed
MACK, SHANEIKA	02/06/02	285.89	Account Closed
MAGGAY, BOBBIE	02/20/02	209.41	Account Closed
MANN, EMILY	09/04/01	75.19	Account Closed
MARQUEZ, GAYLORD	01/01/02	108.87	Account Closed
MARTINEZ, JOSE	04/25/02	112.43	Account Closed
MARTINEZ-SOLIS, LISA	03/05/02	137.45	Account Closed
MCFARLAND, ROSE	04/08/02	234.41	Account Closed
MEDIAWAY, INC	08/15/01	88.11	Account Closed
MIRANDA, KYONG	03/12/02	130.63	Account Closed
MOCK, NIMITZ	06/04/02	255.63	Account Closed
MOSS, SHEILA R.	02/28/02	179.19	Account Closed
MULCAHY, LEE	04/17/02	257.88	Account Closed
MURPHY, ROBERT	11/01/01	112.09	Account Closed
MUSQUEZ, LISA	06/24/02	117.18	Account Closed
NANAY, RENATO	01/01/02	212.04	Account Closed
NGO, LOI T.	03/20/02	208.91	Account Closed
NGUYEN, BICH	05/31/02	107.68	Account Closed
NGUYEN, BINH	03/04/02	126.95	Account Closed
NGUYEN-CAO, TUYET	01/16/02	118.79	Account Closed
OCHOA, JAVIER	09/17/01	224.17	Account Closed
ORTIZ, ANNETTE	06/03/02	383.20	Account Closed
ORTIZ, DONNA	10/18/01	268.91	Account Closed
PAQUETTE, RICHARD	12/05/01	159.05	Account Closed
PATHAK, KAMAL	05/28/02	1.65	Account Closed
PATTON, DARRYL	03/12/02	225.69	Account Closed
PAULE, ANTONIO	02/20/02	183.92	Account Closed
PAYNE, ERVIN L JR	06/17/02	304.89	Account Closed
PEREZ, VICKI	10/23/01	157.35	Account Closed
PERSINY'S INDIAN RESTAURANT	03/04/02	81.12	Account Closed
PILKAY, BRENDA	05/08/02	232.64	Account Closed
PITKIN, DANIEL	08/07/01	226.36	Account Closed
PRAGUE, RONALD	11/29/01	228.19	Account Closed
RAMOS, HILDA R.	12/05/01	135.33	Account Closed
REGENT PALACE	06/06/02	100.69	Account Closed
RÉNFRÓ, KEVIN	07/09/01	252.71	Account Closed
SANCHEZ, TERRI	09/12/01	270.93	Account Closed
SAPORITO, PATRICIA	11/20/01	288.35	Account Closed
SCHMIDT, CHRISTINE	08/09/01	45.30	Account Closed
SEAMAN, ALAN	03/27/02	34.82	Account Closed
SECRETARIA, AMELITA	03/18/02	202.73	Account Closed
SILVA, SERRAFIN	09/19/01	101.52	Account Closed
SIMMONS, KORY	05/01/02	104.83	Account Closed
SIMPSON, SEAN	05/30/02	242.32	Account Closed
SIVONGSAY, SOMMANO	01/22/02	259.27	Account Closed
SMITHERS, CHARLES A	05/28/02	217.74	Account Closed
STANFORD, LORA	09/24/01	876.44	Account Closed
STEVENS, WALLACE	09/05/01	143.40	Account Closed
STEWART, RAHEEMA	02/21/02	186.36	Account Closed
STUART, ERIC	03/04/02	266.49	Account Closed
TAAMAI, RUTH	05/06/02	187.54	Account Closed

City of Milpitas
Accounts Receivable Write-Offs
FYE 06/30/03

INVOICE DATE	BALANCE	REASON
TAM, GEORGE	06/05/02 255.89	Account Closed
TAMAYO, JOHNNY	11/06/01 168.91	Account Closed
THOMAS, JAMES	01/23/02 252.75	Account Closed
THOMAS, JENNIFER	10/23/01 305.63	Account Closed
TIZNADO, EFREN	01/01/02 242.96	Account Closed
TORRES, GLENDA	06/05/02 480.05	Account Closed
TRUE, MARTIN	01/18/02 189.66	Account Closed
TUMACDER, CHRISTINE	08/02/01 266.74	Account Closed
VARLEY, DAVID	05/02/02 119.17	Account Closed
VAUGHAN, JEANNIE	01/11/02 176.91	Account Closed
VELLMURE, ANGIE	04/08/02 137.89	Account Closed
VILLASENOR, JENNIFER	03/18/02 108.63	Account Closed
WANG, RONG-XING	06/10/02 249.33	Account Closed
WATERBURY, STEPHANIE	08/21/01 152.43	Account Closed
WATERS, CYNTHIA	04/01/02 138.42	Account Closed
WEAVER, MICHAEL	11/27/01 9.53	Account Closed
WINSTON TIRE #107	04/26/02 60.69	Account Closed
WRIGLEY OAKS COMMERCIAL ASSN	07/09/01 182.30	Account Closed
YANG, YAO	02/04/02 220.59	Account Closed
LIFEGUARD, INC.	11/01/02 408.23	Filed for bankruptcy
LYON'S RESTAURANT OF CALIF	04/23/02 5,360.91	Filed for bankruptcy
METROPOLITAN FIBER SYSTEM	07/05/02 1,451.29	Filed for bankruptcy
MISSION LANES 577	08/17/02 843.87	Filed for bankruptcy
STANDARD MEM'S, INC	11/26/02 99,469.95	Filed for bankruptcy
UNI MED MGMT SERVICES	01/16/03 1,522.26	Filed for bankruptcy

Write-offs for Utility Billing Accounts Receivable 137,067.40

HCD LOANS

ACERO, LUIS	580.00	City added escrow fee to balance erroneously
AGUILAR, INA & BENITO	671.00	City added escrow fee to balance erroneously
ALLEN, ROY & VINA	671.00	City added escrow fee to balance erroneously
BOWER, ALICE	650.00	City added escrow fee to balance erroneously
BUSHMAN	50.00	City added escrow fee to balance erroneously
BUSHMAN, LILLIAN	75.00	City added escrow fee to balance erroneously
CARR, SEBRON & EVA MAE	789.00	City added escrow fee to balance erroneously
CURIALE JOSEPH & LORETTA	873.50	City added escrow fee to balance erroneously
DE LA CROCHE	792.02	City added escrow fee to balance erroneously
DORRY, SHIRLEY	783.00	City added escrow fee to balance erroneously
DURAN, ALFRED	89.54	City added escrow fee to balance erroneously
EDDY, HAROLD	621.00	City added escrow fee to balance erroneously
EVANS, LOUIS & SUE	722.36	City added escrow fee to balance erroneously
FISHER, MICHAEL & MARY	638.93	City added escrow fee to balance erroneously
FLEMING, LINDA	786.00	City added escrow fee to balance erroneously
FLUNOY, JOSEFA	445.00	City added escrow fee to balance erroneously
FLYNN, PATRICIA (CURRAN) Loan #1	1,227.36	City added escrow fee to balance erroneously
FLYNN, PATRICIA (CURRAN) Loan #2	24.64	City added escrow fee to balance erroneously
GARZA, MINERVA	736.00	City added escrow fee to balance erroneously
GAYNOR, ARNETTA	720.00	City added escrow fee to balance erroneously
GOMEZ, SALVADOR & MARIA	1,957.00	City added escrow fee to balance erroneously
GONZALES, JOSE & EVA	125.00	City added escrow fee to balance erroneously
GONZALES, LUPE	85.00	City added escrow fee to balance erroneously
GRAHAM, DORLORES & THOMAS	671.00	City added escrow fee to balance erroneously
GUZMAN, ELISEO & THOMAS	50.00	City added escrow fee to balance erroneously
HENRY, DOROTHY	85.00	City added escrow fee to balance erroneously
JACOBSON, SHIRLEY	645.00	City added escrow fee to balance erroneously
JOHNSON, DAVID	943.78	City added escrow fee to balance erroneously
KIRWAN, JOHN & JANET	783.00	City added escrow fee to balance erroneously

City of Milpitas
Accounts Receivable Write-Offs
FYE 06/30/03

INVOICE DATE	BALANCE	REASON
LACROIX, MARIE	891.00	City added escrow fee to balance erroneously
MACART, JANINE	891.00	City added escrow fee to balance erroneously
MARTINEZ, JESSE	821.00	City added escrow fee to balance erroneously
MCGIRR, JOAN MARIE	100.00	City added escrow fee to balance erroneously
MCLEAN, CARMINE	85.00	City added escrow fee to balance erroneously
MOSELY, JIMMIE & MARY	776.00	City added escrow fee to balance erroneously
NARVAIS, AGNES	778.00	City added escrow fee to balance erroneously
NICHOLS, HENRY & LIZZIE	3,271.00	City added escrow fee to balance erroneously
OIDEM, AZUCENA	2,000.00	City added escrow fee to balance erroneously
OLGUIN, MANUEL & IRIS	796.00	City added escrow fee to balance erroneously
PAGEN, CHRIS & CONNIE	866.00	City added escrow fee to balance erroneously
PEREZ, MA LOUISE	270.00	City added escrow fee to balance erroneously
POTTER, DONALD LEROY	345.00	City added escrow fee to balance erroneously
ROST, HELEN	665.00	City added escrow fee to balance erroneously
RUIZ, PRIMO	465.00	City added escrow fee to balance erroneously
SEVILLA, EDUARDO & NORMA	774.77	City added escrow fee to balance erroneously
STRAUBE, IDA	750.00	City added escrow fee to balance erroneously
THOMAS, THERESA	595.00	City added escrow fee to balance erroneously
TILLEY, WALTER & CARMEN	117.00	City added escrow fee to balance erroneously
TOWNSEND, MARY	281.00	City added escrow fee to balance erroneously
VAN DEN AKKER	111.00	City added escrow fee to balance erroneously
VENTURINI	2,072.75	City added escrow fee to balance erroneously
VILLEGAS, ISMAEL & AMPARO	85.00	City added escrow fee to balance erroneously
WATTS	50.00	City added escrow fee to balance erroneously
WORTHINGTON	1,870.00	City added escrow fee to balance erroneously
BARRON, REBECCA	6,027.95	Repaid already, loan balance incorrect
GONZALES, JESSE & MARGIE	12,366.53	Repaid already, loan balance incorrect
SALLADE, GARTH	11,490.00	Repaid already, loan balance incorrect

Write-offs for HCD Loans 66,901.13

MISC ACCOUNTS RECEIVABLE

MOORE CONSTRUCTION	8/17/2001	80.00	Building Permit Check Bounced
ARONSON CONSTRUCTORS INC	12/28/2001	65.00	Business License Check Bounced
ARCOM ELECTRONICS	8/17/2001	900.00	False Alarm
CASTLEWOOD	9/21/2001	750.00	False Alarm
CTOWNSJ.COM	1/25/2002	1,100.00	False Alarm
EDUARDO HAIR SALON	8/17/2001	50.00	False Alarm
EVENTS PLUS INC	9/21/2001	50.00	False Alarm
FULL SPECTRUM LENDING	1/25/2002	100.00	False Alarm
LANDMARK LABEL MFG INC	5/17/2002	150.00	False Alarm
LARRY LUBERTO	1/25/2002	480.00	False Alarm
LUBOLANG GOURMET	9/21/2001	500.00	False Alarm
MCWHORTERS	8/17/2001	250.00	False Alarm
SEVEN ELEVEN MILMONT	1/25/2002	400.00	False Alarm
SPORTSMART	3/8/2002	50.00	False Alarm
VANS SKATEBOARD PARK	8/3/2001	50.00	False Alarm
VIRTUAL MICRO	9/21/2001	50.00	False Alarm
ARTHUR D LITTLE INC	2/28/2002	211.00	Fire Inspection
B & C AWNINGS	11/21/2001	196.00	Fire Inspection
CAPITAL SYSTEMS	2/22/2002	49.00	Fire Inspection
CORDEL CONSTRUCTION	11/21/2001	196.00	Fire Inspection
DIMOND METAL	12/21/2001	49.00	Fire Inspection
EVERGREEN DESIGNS ENTERPRISE	10/26/2001	245.00	Fire Inspection
IORES	11/21/2001	686.00	Fire Inspection
MAIN STREET PAINT BODY	2/15/2002	236.00	Fire Inspection
MAXTOR	6/14/2002	294.00	Fire Inspection
NOR CAL RESTAURANT	2/22/2002	196.00	Fire Inspection
GGW&C INC	8/10/1999	60,000.00	Grant Writing Consultant

City of Milpitas
Accounts Receivable Write-Offs
FYE 06/30/03

	INVOICE DATE	BALANCE	REASON
ANGELA RENO	4/26/2002	725.50	Public Damage Cost Recovery
LNI CUSTOM MANUFACTURING	8/10/2001	3,224.93	Public Damage Cost Recovery
MARK ANDONON	3/8/2002	6,719.30	Public Damage Cost Recovery
MONIQUE MARIE PAYNE	12/28/2001	774.08	Public Damage Cost Recovery
PAUL WIGGINS	12/10/1999	152.94	Public Damage Cost Recovery
RAFAEL GARCIA GARCIA	9/28/2001	53.88	Public Damage Cost Recovery
RALPH GIL	6/14/2002	165.00	Public Damage Cost Recovery
SAAHID ALI ABBASI	10/19/2001	1,796.01	Public Damage Cost Recovery
TINA BEAVERS	11/14/2001	25.00	Public Damage Cost Recovery
DAWN M JIMENEZ	5/31/2002	97.00	Recreation Fee Check Bounced
DENISE PORTER	5/31/2002	270.00	Recreation Fee Check Bounced
JENNIFFER G MONJE	8/24/2001	15.00	Recreation Fee Check Bounced
JOCELYN V BURNHAM	7/31/2001	35.00	Recreation Fee Check Bounced
ODELLA LOUISE DORSEY	9/17/2001	50.00	Recreation Fee Check Bounced
Write-offs for Miscellaneous Accounts Receivables		<u>81,486.64</u>	
<u>PRIVATE JOBS</u>			
(See attached pages)		<u>77,026.85</u>	

Private Job Accounts Write off

PJ#	Bus. Name	Work Performed	Planning	Eng.	Balance
3025	Fairfield Investments <i>N. McCarthy/Ranch (Fairfield)</i>	Settlement Agreement SJ	X	X	\$15,063.35
2067	Mr. Chris Bernard <i>Ranch/McCarthy (Una Mas)</i>	Restaurant	X	X	\$1,542.32
2085	Stefkate Associates c/o Biagin <i>(Abel/Calaveras (Wheelworks))</i>	Tire Store	X	X	\$821.01
2063	Culinary Creations, Inc. <i>Ranch Dr. EOF N. McCarthy</i>	Restaurant	X		\$781.30
3046	76 Products Co. <i>Calaveras N of Serra</i>	Demolish existing & rebuild	X	X	1,547.60
2052	Bichngan Do <i>Abbott @ Rudyard NE</i>	Use Permit – Small World	X		\$1,436.36
2146	Mario Barrera <i>S. Main N of Cedar</i>	Auto Shop	X		\$1,308.25
2097	Milpitas Montessori School <i>Yosemite S of Roswell</i>	Montessori School	X		\$1,660.74
3009	1565 Barber Ln. Holding Co. <i>Barber/yicamore (Beverly Heritage)</i>	Lot split		X	\$1,242.18
3038	Sun Microsystems <i>California/Dixon Landing (SUN)</i>	Insp. of traffic signal install (pedestrian crosswalk)		X	\$1,035.42
2990	Tube Service Co. <i>S. Milpitas/Yosemite</i>	Utility Review of Recycled Water Meter		X	\$1,024.57
2123	Buddhist Compassion Relief <i>Dempsey S of Selwyn</i>	Temple	X		\$751.08
2137	Kevin Chan <i>S Main/Sinnott (Chan)</i>	Video Store	X		\$383.50
3111	Inter Capital Dev. Inc. <i>Los Coches/Sinclair (Hilton)</i>	Hilton Hotel Application	X	X	\$2,307.74
2072	Beautiful Spa <i>Serra/Abel</i>	Business Closed by Police	X		\$761.56
2756	Surendra M. Patel <i>Main/Serra (Motel)</i>	Motel application rejected –CC	X	X	\$4,997.76
3070	McDonald Corp <i>Great Mall/Fairlane</i>	Food Service & Gas Station	X	X	\$3,601.29

Private Job Accounts Write off

PJ#	Bus. Name	Work Performed	Planning	Eng.	Balance
2183	Steve Peterson <i>S. Park Victoria @ N Landess</i>	Kragen -- Auto Store	X		\$497.27
2169	Seymour Parchment <i>S. Main/Sinnott</i>	UP Amendment (Caribbean Rest.)	X		\$1,420.59
2166	Sylvester Fernando (Hertz) <i>Dempsey Rd S of Dempsey</i>	Car Rental	X		\$3,000
3067	West Coast Property Mngm. <i>Abbott N. of Valley Way</i>	Project stopped -- Indians remains on land	X	X	\$11,167.72
2211	Thomas Plyler (Quizno's) <i>N. Milpitas @ Dixon Lndg</i>	Use permit - Restaurant	X		\$575.47
2119	Little Havana --Evan Chan <i>Barber/SR 237</i>	Cigar Store & Liquor sales	X		\$115.33
2185	Whalen & Co. Sprint PCS <i>Hillview N. of Yosemite</i> <i>(to be transfer to other Sprint PJs)</i>	Antenna	X		\$338.06
2172	Friendly Transportation <i>S Main/Weller</i>	City withdrew use permit	X		\$3,000
2201	Sweet Equity Inc <i>Barber S of Buckeye</i>	Monument Sign	X		\$93.09
3095 3	Jenmar % Premier Car wash <i>McCarthy/Bellew</i>	Car wash and gas	X	X	\$3,016.79
2204	Persiney's Indian Restaurant <i>N Milpitas S of Dixon Landing</i>	Restaurant	X		\$1,743.08
2238	Reflex Communication <i>Bellew/Barber</i>	Antenna on hotel roof	X		\$474.56
2237	SB Restaurant Co. <i>Ranch/N McCarthy (Elephant Bar)</i>	Use Permit, "S" zone amendment	X	X	\$1,785.62
3105	Joe F. Vieira Jr. <i>Landess/Clearlake (McDonalds)</i>	Use Permit, "S" zone amendment	X	X	\$310.17
2267	After Shock, LLC <i>N. Milpitas/Dixon Landing</i>	Computer Shop	X		\$2,003.94
3112	Tim Shahbazian <i>S. Main/Carlos (Oral Care)</i>	Planning use permit -- "S" zone approval	X	X	\$1,016.31
2253	HDX Inc. <i>Great Mall & Escort</i>	Food cart in front of store -- Home Depot	X	X	\$5,778.59
2254	Kirk G. Forman/Richard E. Barr <i>N. McCarthy/SR237</i>	Trailer -- Temp. Use Permit	X		\$195.37

Private Job Accounts Write off

PJ#	Bus. Name	Work Performed	Planning	Eng.	Balance
2242	Quizno's classic sub <i>N. Milpitas/Calaveras</i>	Use permit – Quizno's	X		\$168.61
3081	Long Nguyen <i>Calaveras/Temple (Mirabella States)</i>	Public Works Insp.		X	\$60.25
	Total				\$77,026.85